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Title: Phase II funding plan passes committee

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A legislative committee of four Kentucky representatives and four state senators approved a funding plan Tuesday that will bring the remaining Phase II payments one step closer to the mailboxes of tobacco farmers throughout the state.

The Capital Projects and Bond Committee signed off on the plan, which opens up \$114 million of Phase II to be given to about 163,000 leaf growers and quota holders, at its monthly meeting in Frankfort this week.

Rep. Mike Denham, committee co-chair, said bonds could be issued as soon as next week to generate funds for the payments.

"We are looking to issue these bonds as quickly as possible," said Denham.

The Phase II funding approved by the committee was intended to go to farmers last year, but a North Carolina judge ruled that tobacco companies did not owe the last round of Phase II payments to growers because that money was essentially negated by the \$10.1 million federal tobacco buyout.

During the General Assembly this year, representatives in the Buffalo Trace area said farmers needed the remaining Phase II money to pay off debts, and a bill introduced in the House to make the final payments was eventually merged into the state budget.

The ruling in North Carolina is under appeal, but Denham said Thursday that the status of Kentucky's Phase II payments is no longer contingent on what happens in the Tar Heel State.

"These checks will go out regardless of what happens with the court case," Denham said.

An appellate court will hear the case next month, and a decision is not likely for several weeks.

"The committee asked the executive branch to expedite the issuance of bonds," said Denham. "There are some legal issues that must be resolved."

Under the plan passed by the committee, Kentucky would dip into agriculture funds from Phase I money that was awarded to several states as part of the Master Tobacco Settlement in order to make Phase II payments.

Kentucky invests 50 percent of its Phase I dollars in agricultural development, 25 percent in early childhood development and 25 percent in smoking cessation and other health related programs.

If the North Carolina ruling is reversed on appeal, the state would recoup its investment in the Phase II payments, according to Denham.

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